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January 8, 1999

Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Federal-State Joint Board on Universal Service,
CC Docket No. 96-45

Dear Ms. Salas:

On behalf of Western Wireless Corporation, I am enclosing for filing Reply Comments on the Joint Board's Second Recommended Decision in the proceeding referred to above. These Reply Comments are filed in response to the Public Notice, DA 98-2410 (released November 25, 1998).

If you have any questions regarding this matter, please contact me.

Respectfully submitted,

David Sieradzki

David L. Sieradzki
Counsel for Western Wireless Corp.

Enclosures

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
)	
Federal-State Board on)	CC Docket No. 96-45
Universal Service)	
)	

**REPLY COMMENTS OF WESTERN WIRELESS CORPORATION
ON SECOND RECOMMENDED DECISION OF THE JOINT BOARD**

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Dated: January 8, 1999

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**REPLY COMMENTS OF WESTERN WIRELESS CORPORATION
ON SECOND RECOMMENDED DECISION OF THE JOINT BOARD**

Western Wireless Corporation ("Western Wireless"), by its attorneys, hereby submits its Reply Comments in response to the comments filed on the *Second Recommended Decision* of the Federal-State Joint Board on Universal Service, FCC 98J-7 (released November 25, 1998). These Reply Comments are filed pursuant to the Public Notice, *Common Carrier Bureau Seeks Comment on Universal Service Joint Board's Second Recommended Decision*, DA 98-2410 (released November 25, 1998).

I. INTRODUCTION AND SUMMARY

In its initial Comments, Western Wireless demonstrated that the Joint Board's Second Recommended Decision fails to place sufficient emphasis on what should remain the Commission's central goal in reforming universal service -- establishing a competitively neutral system that promotes competition. In particular, Western Wireless addressed one key, offending recommendation

advanced by the Joint Board that exemplifies this lost focus -- the use of study areas, rather than wire centers as previously established by the Commission, as the basis for determining and distributing high-cost support. We believe that the comments filed in this proceeding largely support Western Wireless's position that any universal service policy that undermines competitive neutrality -- such as determining and distributing high-cost support on a study area basis -- would violate the spirit, as well as the letter, of Section 254.

In addition, these Reply Comments respond to other specific aspects of the Second Recommended Decision discussed by various commenters. We support Sprint Corporation's arguments that, notwithstanding the Recommended Decision, the Commission must continue to insist that implicit subsidies be eliminated at the state, as well as the federal, level. We also urge the Commission to reject the alternate universal service plan advanced by the United States Telephone Association ("USTA") as a protectionist device designed solely to preserve the ILECs' revenue streams and lacking any meaningful connection to the cost of providing universal service in high-cost areas. Finally, we agree with the Personal Communications Industry Association and other parties that there is no real need for the Commission to regulate the manner in which competitive carriers describe and recover their universal service contributions.

II. UNIVERSAL SERVICE REFORM MUST PROMOTE COMPETITION, AND ANY JOINT BOARD RECOMMENDATION THAT UNDERMINES COMPETITIVE NEUTRALITY MUST BE REJECTED

A. The Commission Must Maintain Competition As the Central Goal Of Universal Service Reform.

In its Comments, Western Wireless described the purposes underlying the adoption of Section 254 and demonstrated that fostering competition in high-cost areas must remain a critical objective of the Commission's universal service policy. Comments filed by other parties in response to the Joint Board's Second Recommended Decision underscore the importance of ensuring that all universal service reform rules and policies operate to foster competition and to achieve and maintain competitive neutrality. As MCI WorldCom cogently observed:

the Universal Service provisions of the Act are within Part II of the Act, entitled "Development of Competitive Markets," along with the provisions on interconnection, negotiation and arbitration, and approval of agreements, removal of barriers to entry, coordination for interconnection, infrastructure sharing, and explicit articulation of the nondiscrimination principle. It is essential that the Commission fully implement all Universal Service requirements laid out in the Act if Congress' overall goal of promoting competition in all telecommunications markets is to be met. 1/

Even commenters that do not agree with Western Wireless' position that the study area mechanism should be rejected (because it is not competitively neutral), 2/ recognize competitive neutrality as a Section 254 cornerstone. 3

1/ MCI WorldCom, Inc. Comments on Federal-State Joint Board on Universal Service Recommended Decision at 1 ("MCI WorldCom Comments").

2/ See *infra*, Section II.

In its initial Comments, Western Wireless noted specifically its concern that “the Joint Board recommendation and the separate statements of some of its members appear to question the fundamental principle of reforming universal service not only to be consistent with emerging local competition in urban and low-cost areas, but also to facilitate and promote local competition in rural and high-cost areas.” 4/ Western Wireless is not alone in this concern. Sprint Corporation also recognizes that “[i]n what appears to be an effort to justify maintaining the status quo, the Joint Board disregards the plain language of Section 254 as well as the charge in Section 253 to remove barriers to local entry.” 5/

1. The Commission Must Ensure that Current Implicit Subsidies in the Federal Universal Service System are Made Explicit and Portable.

Central to Section 254’s pro-competitive intent is that implicit subsidies resident in the existing universal service system be made explicit and portable, a reality recognized by the commenters. A number of parties joined in Western Wireless’ argument that it is absolutely imperative that implicit subsidies be eliminated and converted to explicit, portable support for the Commission to

3/ AT&T at i (universal service reform “is an essential predicate to enable the local competition objective of the 1996 Act to be realized”); CompTel at 4. For various reasons, however, including the fact that they may not anticipate providing the supported services and drawing from the universal service fund, these commenters do not adequately appreciate the extent to which the study area approach undermines competitive neutrality.

4/ Comments of Western Wireless at 5.

5/ Comments of Sprint Corporation at 5 (“Sprint Comments”).

fulfill the competitive goals of the 1996 Act. 6/ For example, U S West expressly recognizes “the interrelationship which Congress saw between the entry of competition in the local market and the corresponding need to remove implicit subsidies and replace them with explicit funding for universal service.” 7/ It is not enough to merely make the existing implicit subsidies explicit, nor is it sufficient to make only some of those subsidies portable. In order for all carriers to truly compete in local markets on equal footing, all implicit subsidies must be made explicit, and each of them must be fully portable among would-be competitors.

2. Implicit Subsidies Must be Addressed at the State Level As Well as at the Federal Level.

Sprint correctly emphasizes the importance of Section 254’s mandate to remove implicit subsidies at the state as well as the federal level. 8/ Sprint points out that the Joint Board’s “flawed interpretation” of Section 254, apparently

6/ Western Wireless Comments at 6; *accord*, Comments of GTE at 5-7 (“Replacing the current implicit support will spread the burden of universal service more equitably, will provide better, more efficient price signals to the interstate access markets, and will promote efficient competition for local service by making the support for that service portable.”); Comments of BellSouth Corporation at 3.

7/ Comments of U S West Communications, Inc. to Joint Board’s Second Recommended Decision at 8 (“Comments of U S West”); *see also* Sprint Comments at 5-6.

8/ Sprint Comments at 5-7; *see also* Comments of the Iowa Utilities Board at 4-5 (“This appears to be an area where the Joint Board is urging states to adopt appropriate rate design and other mechanisms to address implicit subsidies, while recommending that the FCC abandon its pro-competitive policies and establish a federal fund that ignores the implicit subsidy issues.”) (internal quotations and citations omitted).

leads it, erroneously, to believe that it can avoid the implicit subsidies problem by shifting the Commission's focus away from subsidies and toward the concept of rate comparability." 9/ Sprint explains:

the problem with this . . . approach is that it encourages uneconomic entry in areas that supply the implicit subsidies, i.e., low cost areas, and discourages entry in areas that receive subsidies, i.e., high cost areas. Rather than proactively encouraging efficient competitive entry in all areas of the country, the Joint Board has chosen to ignore the problem, maintain the status quo, and incent distorted entry decisions. 10/

Western Wireless agrees that the Commission should decline to be led down this path. The Act requires that the Commission maintain its oft-stated commitment to reforming the universal service system in a way that will further, rather than hinder, the competitive principles of the 1996 Act. 11/

9/ *Id.* at 7; cf, Comments of GTE at 16 ("the Commission must monitor the progress of universal service policies in the states, and be prepared to consider any additional action at the federal level that may be required if states do not take action either to rebalance their local rates or to provide sufficient explicit support for them").

10/ *Id.* at 6-7.

11/ Western Wireless vehemently disagrees with commenters such as the Rural Telephone Coalition, which argues from a protectionist posture that "[t]he Commission should . . . abandon its practice of affording competitive 'neutrality' the paramount position in its hierarchy of universal service criteria." Comments of the Rural Telephone Coalition at 21. Such a position completely ignores the critically important goal of reforming universal service to make implicit subsidies explicit and portable so that new entrants can compete for customers on equal footing with incumbents. The Commission should not consider a course that so clearly violates the purposes of the Act's reforms.

B. The Commission Must Reject the Recommendation to Use Study Areas, Rather Than Wire Centers, to Determine Forward-Looking Costs and Provide High-Cost Support.

1. The Study Area Approach Would Undermine Competitive Neutrality and Will Impede the Development of Competition in High Cost Areas.

In our initial Comments, Western Wireless demonstrated that one of the Joint Board's key recommendations -- that the Commission reverse course and assess costs and support at the study area level, rather than the wire-center level -- would fly in the face of the pro-competitive principles embodied in the Act. We showed that aggregating and averaging costs and support in this manner would result in universal service support in high-cost areas that would preclude competition and create barriers to entry by all carriers other than the ILECs. Many commenters joined Western Wireless in recognizing this shortcoming in the Joint Board's recommendation, with Sprint even opining that "[t]his particular recommendation, perhaps more than the rest, reflects the Joint Board's determination to maintain the status quo, even when faced with compelling evidence to the contrary." 12/

The comments on the Second Recommended Decision readily demonstrate the folly of using study areas rather than wire centers to determine

12/ Sprint Comments at 10. Sprint also exhorts that "[t]he Commission must not take this giant step backward [but rather] must continue to press forward and reject the Joint Board's recommendation to measure costs at the study area level." As demonstrated in the accompanying text, *infra*, Western Wireless wholeheartedly agrees with Sprint in this regard.

forward-looking costs and to provide high-cost support. MCI WorldCom, for example, observes that “averaging costs across . . . large and heterogeneous study areas [will result in] maintaining substantial implicit subsidy flows from urban to rural users.” 13/ Sprint puts it even more plainly: “By defining a service area as a study area, [the Joint Board] avoids the difficult task of targeting support.” 14/ The General Services Administration (“GSA”) argues for rejection of the study-area approach, advocating instead use of areas that “measure costs and competitive activity with greater precision than possible with averages for study areas.” 15/

Among the problems with the study area approach, as set forth in our initial Comments, are that (i) it would create a barrier to entry for new entrants in high-cost areas and create other competitive anomalies, and (ii) as even the Joint Board recognized, it is not a sustainable, long-term solution for addressing the

13/ MCI WorldCom Comments at 4; *see also* Comments of the Kentucky Public Service Commission at 2 (stating, in the context of the recommendation of determining forward looking costs at the study area level rather than the wire center level, “[we are] concerned that it now appears that the goal of making implicit subsidies explicit has taken a back seat to rate affordability, and rate comparability”); Comments of U S West (“In addition to reversing the Commission’s course, the Joint Board’s recommendation to use averaged costs will perpetuate existing implicit subsidies within a study area or state in violation of Section 254 of the 1996 Act.”).

14/ Sprint Comments at 4.

15/ Comments of the General Services Administration at 12. Western Wireless agrees with GSA to the extent that GSA advocates the use of more homogenous, targeted information.

implicit subsidies resident in the existing universal service system. 16/ The Iowa Utilities Board explains these points precisely:

Providing federal support to every line in the study area, instead of targeting the support to only the high cost areas, could encourage uneconomic competition in the urban area and discourage competition in the rural areas. The competitor could serve only urban areas and receive federal support for lines that are low cost lines and should not require support. The support provided for the highest cost areas will not be sufficient and will discourage competitors from serving the rural areas. The [ILECs] serving the entire study area with average rates will lose customers in the urban areas that are providing support for the high cost rural loops. 17/

In addition, even the Joint Board acknowledges that the study area approach may have only limited use. 18/ As Sprint explains, however, “Section

16/ MCI WorldCom also recognizes numerous other “dangers” inherent in the Joint Board’s recommendation, with which Western Wireless concurs, including that “(1) it understates the total size of the Universal Service subsidy by continuing to keep much of the subsidy hidden in the ILEC’s existing rate structure; (2) in so doing, it also prevents the Commission from determining the size of implicit Universal Service subsidies; (3) it provides no guidance on how to distribute the funds when there are CLECs as well as the ILEC providing service in the study area since it does not distinguish between high-cost and low-cost areas within the study area; and (4) it could be misinterpreted to imply that the funds are intended for the ILEC or that the entrant must offer service in the entire study area to be eligible for the fund[.]” MCI WorldCom Comments at 10.

17/ Comments of the Iowa Utilities Board at 2-3 ; *see also* Sprint Comments at 8-9 (*citing Universal Service Report and Order* at ¶ 184); Comments of SBC Communications, Inc. at 4 (“for any universal service support mechanism to function effectively in a competitive marketplace, it must utilize costs based on an area less than a study area. The study area is simply too broad, encompassing both low cost and high cost wire centers.”).

18/ Second Recommended Decision at ¶ 34 (recognizing that “as competition develops within a study area, calculating costs using the aggregate characteristics of the study area may become less appropriate”).

254 does not envision a universal service plan ‘starter-kit,’ crafted on the basis of expediency. It is unacceptable to knowingly institute a plan that will not accommodate competition in the local market.” 19/ Western Wireless concurs, particularly given that use of study areas will reverse already-accepted, well-reasoned Commission policy, undermine competitive neutrality, and create barriers to entry in local markets.

Finally, it should be apparent that study area calculations are simply less precise -- and therefore less reflective of true costs -- than wire center statistics. CompTel favors federal support being determined on a study area basis, in part because it asserts that study area results are more representative of the costs incurred by all carriers, and particularly new entrants to provide local services.” 20/ This may be true in the context of the example provided by CompTel, i.e., new entrants offering services exclusively through UNEs (in states that ignore the Commission’s conclusion that UNE rates should be geographically deaveraged). 21/ It seems incongruous, however, to suggest that heterogeneous study-area information can yield a “more representative” result than wire-center data in most other circumstances, and it certainly does not apply to facilities-based

19/ Sprint Comments at 8; *accord*, Comments of SBC Communications, Inc., at 6 (“providing portable support based on a study area basis is inconsistent with the Commission’s goal of competitive neutrality”).

20/ CompTel Comments at 2.

21/ *Id.* at 2-3.

carriers like Western Wireless, which may be unable to initially provide service on as wide a scale as ILEC study areas. In view of all the foregoing, the Commission must reject the Joint Board's recommendation to use study areas rather than wire centers in determining forward-looking costs and providing high-cost support.

2. The Study Area Approach Would Effectively Foreclose Carriers Like Western Wireless from Competing to Provide Universal Service in High-Cost Areas.

The problem described in the preceding sections is not merely theoretical. It has a significant effect on Western Wireless's own business plans. Western Wireless plans to enter the universal service market and provide supported services to consumers in high-cost areas: it has filed applications seeking designation as an eligible telecommunications carrier ("ETC") in 13 states, and just yesterday it announced its introduction of Wireless Residential Services in rural Regent, North Dakota. 22/ Part of the decision to enter the universal service market was based on the Commission's determination that it intends to establish a universal service support system based upon the cost of providing service in specific areas (such as wire centers).

As a competitive carrier that -- unlike ILECs -- cannot rely on implicit subsidies to provide service to consumers, Western Wireless will be able to provide competitive service in a market only if its cost of providing service does not exceed the rates it charges plus any explicit funding it can expect to receive in that market.

22/ A copy of the press release is included in Attachment A.

A universal service fund based upon the cost of service in targeted areas, such as wire centers, allows all carriers -- both incumbents and new entrants -- to make real-world business decisions on entering a market and providing service to consumers. In contrast, universal service funding based upon a telephone company's study area -- an archaic, historical anomaly -- would greatly distort market entry. A study area approach would certainly cause Western Wireless to revisit its interest in providing supported services to consumers in high-cost areas.

3. Alternative Policies Should be Used to Control The Overall Size of the Fund Rather Than The Anti-Competitive Study Area Approach.

Not only would the use of study areas rather than wire centers for determining forward-looking costs and providing high-cost support erect a barrier to entry and constitute only a stop-gap solution to universal service reform, it is entirely unnecessary to further the only discernible goal that such an approach might further. As set forth in our initial Comments, it appears that the Joint Board's recommendation of the study area approach was designed in large part to limit the overall size of the fund in view of other proposals contained in the Second Recommended Decision. 23/ Even commenters that endorse the Joint Board's study area recommendation apparently do so primarily because they believe this approach would help limit the size of the fund, and not based on any assessment of

23/ Western Wireless Comments at 11-12; *accord*, Comments of the Iowa Utilities Board at 5 ("The IUB assumes that the Joint Board is making this recommendation in order to maintain a small universal service fund.").

the impact of this approach on competitive neutrality or the fostering of competition in markets supported by universal service funds. 24/

Western Wireless' agrees with the Iowa Utilities Board that the Commission should "look to other means of controlling the size of the fund." 25/ In our initial comments, we suggested that this could be accomplished by basing support on the results of a wireless cost model for the many high-cost exchanges where the cost of service would be significantly lower if wireless, rather than wireline, technologies are used, 26/ or by resolving the open issue in this proceeding regarding the revenue benchmark by establishing a higher benchmark. 27/ Whatever alternative means of keeping the overall size of the fund in check are employed, they should not, like the study area approach, undermine competitive neutrality. Western Wireless agrees with the Iowa Utilities Board when it states:

24/ AT&T Comments on Joint Board Second Recommended Decision at 4-5 ("AT&T Comments"); Comments of Ameritech on the Second Recommended Decision of the Federal-State Joint Board at 5-6 ("Ameritech Comments"); *see also* CompTel Comments at 3 ("[C]alculating support requirements at the wire center scale would lead to unnecessary increases in the scope of federal support."); Comments of Bell Atlantic on Second Recommended Decision at 5 ("[d]isaggregating costs at a lower level than study areas would result in significant increases in the high cost fund").

25/ Comments of the Iowa Utilities Board at 5.

26/ *See* Western Wireless Comments at 12 (*citing* Western Wireless Corporation Comments on Model Platform Development, in CC Docket Nos. 96-45 and 97-160, filed August 28, 1998).

27/ Western Wireless Comments at 12; *see also* Comments of the Iowa Utilities Board at 5 (advocating the "U S West super benchmark approach").

“Any mechanism set in place for the universal service fund should be consistent with competitive principles. Setting the calculation of support at the study area level is not consistent with competitive principles.” 28/

C. The Commission Should Expressly Reject USTA’s Proposal to Replace the PICC and CCL with a Surcharge on End User Retail Purchases.

The Commission should not adopt the U.S. Telephone Association’s (“USTA”) alternative proposal for universal service reform (“USTA Plan”), because it lacks any connection to the forward-looking cost of service in high-cost and rural areas, and instead would simply lock in existing monopoly revenues for the ILECs. Western Wireless shares USTA’s stated objective of making federal universal service support explicit rather than implicit, but we oppose USTA’s plan, which shares many of the fatal defects of the Kansas intrastate universal service plan that, as Western Wireless recently demonstrated in a Section 253 preemption petition, constitutes a barrier to competitive entry. 29/

The USTA Plan would recover the revenues that ILECs currently receive through certain existing interstate access charges, *i.e.*, the presubscribed interexchange carrier charge (“PICC”) and the carrier common line charge (“CCL”), through a surcharge on end user retail purchases. Although touted as making some

28/ Comments of the Iowa Utilities Board at 5.

29/ Western Wireless Corporation Petition for Preemption, Pursuant to Section 253 of the Communications Act, of Kansas Statutes and Rules that Discriminate Against New Entrants, File No. CWD 98-90, filed July 20, 1998.

of the implicit subsidies currently embedded in access charges explicit, the USTA plan does nothing to measure the *costs* of providing universal service in high-cost areas -- or to connect the level of support to those costs -- in any meaningful way. The real, and anti-competitive, motivation behind the USTA Plan appears to be to move money out of the access charges that could be competed down by prospective new entrants, and to shield those revenues in an end user surcharge that essentially would guarantee that the ILECs remain “whole.” As such, USTA’s plan would not preserve or advance universal service, nor is it competitively neutral. The USTA Plan must therefore be rejected by the Commission.

III. THE COMMISSION SHOULD NOT ADOPT RULES RESTRICTING THE RECOVERY, OR DESCRIPTION, OF UNIVERSAL SERVICE CONTRIBUTIONS BY CARRIERS

The comments provide strong support for rejection of the bill content and format requirements recommended by the Joint Board, especially to the extent they are applied to CMRS providers. 30/ Western Wireless agrees with the Personal Communications Industry Association (“PCIA”) that the Commission should not adopt strict rules governing the content of end user bills. 31 This

30/ As a threshold matter, as Sprint points out, “the Joint Board itself recognizes, [that these issues] are already pending separately in the Truth-In-Billing proceeding and are more appropriately resolved in that docket[.]” Sprint Comments at 16-17.

31/ Comments of the Personal Communications Industry Association at 2-3 (“PCIA Comments”).

perspective is shared by many commenters, regardless of their differing views on other issues raised in the Second Recommended Decision. 32/

Western Wireless also agrees with PCIA that strict regulation of such practices by the Commission is unnecessary. 33/ As PCIA notes generally, “[u]nless a carrier is lucky or prescient, some degree of over- or under-collection is inevitable [thus making it] unreasonable to punish a carrier for ‘over-collection,’” 34/ and, as to wireless carriers specifically, “because the wireless marketplace is highly competitive, carriers have amply market-based incentives to avoid [‘over-collection’].” 35/ Western Wireless also agrees with MCI WorldCom that “competitive carriers must be given flexibility to recover their costs as permitted by the market.” 36/ In view of the foregoing, Western Wireless believes that the

32/ See Sprint Comments at 15-20; MCI WorldCom Comments at 15-22; AT&T Comments at 8-10.

33/ PCIA Comments at 4-5; *accord*, Sprint Comments at 18.

34/ PCIA Comments at 4.

35/ *Id.* at 5.

36/ MCI WorldCom Comments at 20 (footnote omitted). Western Wireless also agrees with Sprint’s argument that “as long as the Commission requires USF contributions to be made on a broader base of revenues than it allows them to be recovered through, the percentage recovery surcharge must always exceed the percentage contribution rates. . . . [N]o carrier receives 100 percent of the revenue it is billed. In order to cover \$100 of cost, the carrier must build into its rates more than that amount in order to ensure that, after uncollectibles, it will recoup that amount.” Sprint Comments at 21. *Accord*, MCI WorldCom Comments at 20-21 (“Because the Commission treats USF as a cost to carriers, when carriers recover that cost they must also consider uncollectibles, billing expenses, administrative expenses, etc., which will vary by carrier.”).

Commission should refrain from adopting strict, overly specific regulations regarding billing and collection of universal service costs from their customers, and to the extent such regulations are adopted, they should be tailored as narrowly as possible to protect against whatever real-world evils that have been demonstrated to exist, while avoiding interference with the competitive marketplace. 37/

IV. CONCLUSION

For the foregoing reasons, the Commission should hold fast to competitive neutrality as its touchstone in enacting universal service reform, and the Commission should reject the Joint Board's recommendation that universal service costs and support be determined on a study area basis and retain instead the Commission initial determination to determine costs and support at the wire center level. In addition, the Commission should expressly reject USTA's Universal

37/ See, e.g., AT&T Comments at 8 ("To the extent a few unscrupulous carriers fail to [communicate truthfully and in a non-misleading manner with its customers, as market forces will likely require], the Commission can and should exercise its enforcement authority under Section 201(b) rather than micromanaging all . . . carriers' billing practices."); accord, Sprint Comments at 22 ("If the Commission has concerns that a particular carrier is engaged in misleading practices, it should take action with respect to the carrier, rather than micromanage the billing language of all its regulatees.").

Service Plan, as well as calls for the Commission to adopt strict rules regarding the description and recovery of universal service contributions by carriers.

Respectfully submitted,

WESTERN WIRELESS CORPORATION

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Counsel for Western Wireless Corporation

Dated: January 8, 1999

ATTACHMENT A



PRESS RELEASE

**January 7th, 1999 Contact:
For immediate release**

Cellular One launches Wireless Residential Services in Regent, North Dakota

Cellular One will today launch its new Wireless Residential Services, a wireless based residential telephone service, in Regent, North Dakota. Wireless Residential Services provides customers in rural markets with home telephone service with dial-tone via a wireless network. This latest home phone technology includes an extensive free local calling area, flat rate long distance services and 24 hour customer service and support. Customers simply plug their existing home phone into a Cellular One wireless unit to activate the service.

Cellular One's Wireless Residential Services uses Lucent Technology's state of the art cellular switching platform and cellsite equipment. The company plans to roll out Wireless Residential Services to rural customers throughout the state of North Dakota, and other markets in the future.

Cellular One is the largest rural cellular provider in the United States and the only cellular service provider in North Dakota that provides coverage throughout the entire state. Cellular One provides affordable, high-quality wireless communications to over 620,000 rural users in 17 states, covering over 700,000 square miles. The company is dedicated to the communities it serves. During the tragic floods in North Dakota and Minnesota last spring Cellular One donated hundreds of phones and over a million minutes of service to rescue operations and, along with 1,200 of its employees, donated money to the relief effort.

North Dakota Governor Edward T. Shafer will attend today's launch event. The Governor and John Stanton, CEO of Western Wireless Corporation, parent company of Cellular One in North Dakota, and current Chairman of the Cellular Telephony Industry Association (CTIA), will place the first call from Regent to Bill Kennard, Chairman of the FCC in Washington, DC.

Based in Bellevue, Wash., Western Wireless Corp. is a leading provider of wireless communications services in the western United States. It currently offers cellular service marketed under the Cellular One name in 17 western states. Western Wireless' combined cellular and PCS licenses, along with its joint ventures, cover 59 percent of the land in the continental United States.



*Building the
Wireless Future™*

CTIA

**Cellular Telecommunications
Industry Association**

News Release

January 7, 1999

Contact: Jeffrey Nelson 202-736-3207

Error! Bookmark not defined.

An American First!

Rural North Dakota Town Becomes "Unwired"

Wireless Industry Brings Phone Service Competition; Could Portend Tax Cuts in All American Phone Bills

Washington, DC – The town of Regent, North Dakota becomes the first rural community in the country today where consumers have the opportunity to receive ALL their telephone services wirelessly. Local wireless service provider Cellular One, owned by Western Wireless Corp., has launched its new wireless-based residential telephone service to Regent's 268 residents.

Cellular Telecommunications Industry Association President and CEO Thomas E. Wheeler said, "Western Wireless' exciting work in North Dakota is another indicator of how the wireless industry is delivering competition, innovation and safety to consumers. It has long been said that telecommunications competition would 'never come' to the rural-most portions of America; today that old assumption sailed into the shoals of wireless technology and is sunk forever."

In Regent, North Dakota Governor Edward T. Shafer and Western Wireless CEO John Stanton will place the inaugural calls on Regent's new system to U.S. Sen. Byron Dorgan (N. Dak.) and William Kennard, Chairman of the Federal Communications Commission, in Washington, D.C., this afternoon at approximately 4:30 pm Eastern time.

"Every American pays a hidden tax on their monthly phone bill to subsidize the delivery of phone service to rural communities such as Regent," Wheeler said. "In emerging countries around the globe, wireless technology has been demonstrated to be a less costly means of delivery than wired phones. The Regent experience will determine whether wireless competition can cut the cost of phone service to rural Americans and in the process give every American a tax cut in their monthly phone bill."

The wireless industry is the most competitive sector of telecommunications. Today, over half of all Americans can choose from up to five different wireless carriers in their community. This competition among wireless companies has stimulated the companies to continue their growth by bringing competition into other areas of telecommunications, such as local phone service. Throughout the country, new pricing plans and service offerings have encouraged consumers to "cut the cord."

(more)

Unwired Regent

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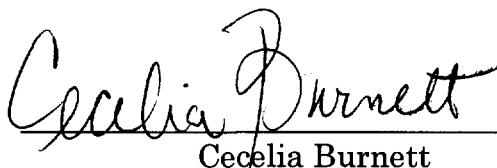
An interesting sidebar is that because of a move to new facilities, through Monday of next week, there will be no landline connections to the Chairman's office at the FCC. So, not only will Chairman be called from a wireless system in North Dakota, but out of necessity he will also take the call on his wireless phone, further demonstrating how wireless augments landline phone service.

Mr. Stanton is Chairman of the Board of CTIA. CTIA is the international association of the wireless telecommunications industry, representing cellular, PCS and satellite service providers, as well as suppliers to the industry.

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CERTIFICATE OF SERVICE

I, Cecelia Burnett, hereby certify that on this 8th day of January, 1999, copies of the Western Wireless Corporation Reply Comments on the Second Recommended Decision of the Joint Board on Universal Service were served on the parties listed below by hand delivery or first class mail.



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